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USWEST

Glenn Brown
Executive Director-
Public Policy

EX PARTE OR LATE FILED

January 20, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street N.W., Room 222
Washington, D.C. 20554


Re: CC Docket 96-45 and 97-160

Dear Ms. Salas:

Today I provided to Charles Keller and Bob Loube of the Universal Service Branch staff a copy of the attached analysis. Earlier this month, the sponsors of the Benchmark Cost Proxy Model (BCPM) and the Hatfield Model provided copies of their model output using "common" data inputs supplied by the FCC. The attached charts compare the results of these analyses. While, in aggregate, the results come out similar for the funding for non-rural LECs that would be required under these assumptions, the individual holding company results and the results by study area demonstrate some significant and unexplained differences.

Acknowledgment and date of receipt are requested. A copy of this submission is provided for this purpose. Please contact me if you have any questions.

Sincerely,



Attachment

cc: Charles Keller
Robert Loube
State Joint Board Staff

Holding Company Comparisons

| | Dollars - Millions | | | |
|----------------|--------------------|----------|--------------|---------|
| | BCPM3 | | Hatfield 5.0 | |
| | Default | Common | Common | Default |
| Ameritech | \$ 520 | \$ 232 | \$ 202 | \$ 111 |
| Bell Atl | \$ 1,047 | \$ 481 | \$ 595 | \$ 340 |
| Bell So | \$ 1,649 | \$ 761 | \$ 813 | \$ 480 |
| SBC | \$ 1,466 | \$ 771 | \$ 619 | \$ 407 |
| U S WEST | \$ 1,225 | \$ 726 | \$ 629 | \$ 425 |
| Sprint | \$ 823 | \$ 368 | \$ 398 | \$ 240 |
| GTE (see note) | \$ 2,140 | \$ 1,279 | \$ 958 | \$ 580 |

GTE comparisons are not reliable as BCPM contains 37 study areas, but Hatfield only 19. This will require further review. All other comparisons are comparable.

Sum Less GTE \$ 6,730 \$ 3,339 \$ 3,256 \$ 2,583

COMPARISON OF COMMON INPUT RESULTS

| | | BCPM3.1 | | Hatfield 5.0 | | Difference | |
|----------------------|----------------------------------|---------|----------------------|--------------|----------------------|------------|-------|
| Ameritech | | Monthly | Fund | Monthly | Fund | Monthly | Fund |
| IL | Illinois Bell Tel Co | \$22.44 | \$35,970,983 | \$19.66 | \$32,938,552 | -12% | -8% |
| IN | Indiana Bell Tell Co | \$25.88 | \$40,476,038 | \$20.65 | \$32,877,180 | -20% | -19% |
| MI | Michigan Bell Tel Co | \$25.09 | \$89,545,234 | \$20.69 | \$77,412,780 | -18% | -14% |
| OH | Ohio Bell | \$24.03 | \$36,494,237 | \$19.41 | \$34,727,716 | -19% | -5% |
| WI | Wisconsin Bell | \$24.29 | \$29,589,643 | \$19.05 | \$24,465,060 | -22% | -17% |
| | | | <u>\$232,076,135</u> | | <u>\$202,421,288</u> | | -13% |
| Bell Atlantic | | | | | | | |
| PA | Bell of Pennsylvania | \$23.52 | \$65,163,970 | \$21.16 | \$83,734,969 | -10% | 28% |
| MD | C&P Tel Co of Maryland | \$23.31 | \$30,008,613 | \$21.08 | \$42,851,503 | -10% | 43% |
| VA | C&P Tel Co of VA | \$24.98 | \$62,314,828 | \$21.74 | \$78,828,506 | -13% | 27% |
| WV | C&P Tel Co of WV - Bell Atlantic | \$36.39 | \$81,435,019 | \$37.51 | \$95,029,927 | 3% | 17% |
| DC | C&P Tel Co of Washington | \$18.62 | \$220 | \$13.35 | \$0 | -28% | -100% |
| DE | Diamond State Tel | \$24.62 | \$7,463,874 | \$21.37 | \$6,533,212 | -13% | -12% |
| MA | New England Telephone | \$22.09 | \$18,464,731 | \$20.01 | \$19,613,162 | -9% | 6% |
| ME | New England Telephone | \$32.06 | \$48,022,821 | \$31.36 | \$53,202,857 | -2% | 11% |
| NH | New England Telephone | \$28.05 | \$27,730,976 | \$26.41 | \$32,328,442 | -6% | 17% |
| RI | New England Telephone | \$24.12 | \$2,952,160 | \$20.25 | \$2,517,165 | -16% | -15% |
| VT | New England Telephone | \$33.91 | \$27,358,071 | \$33.34 | \$31,865,863 | -2% | 16% |
| NJ | New Jersey Bell | \$20.14 | \$8,601,679 | \$18.38 | \$9,684,474 | -9% | 13% |
| NY | New York Tel Co | \$21.74 | \$101,487,173 | \$19.64 | \$138,918,753 | -10% | 37% |
| | | | <u>\$481,004,135</u> | | <u>\$595,108,833</u> | | 24% |
| BellSouth | | | | | | | |
| AL | South Central Bell | \$30.98 | \$100,560,497 | \$29.31 | \$120,179,319 | -5% | 20% |
| KY | South Central Bell | \$31.25 | \$78,707,086 | \$29.73 | \$75,405,319 | -5% | -4% |
| LA | South Central Bell | \$29.12 | \$100,007,694 | \$25.68 | \$98,581,700 | -12% | -1% |
| MS | South Central Bell | \$39.12 | \$157,031,096 | \$38.61 | \$175,730,778 | -1% | 12% |
| TN | South Central Bell | \$28.80 | \$100,566,109 | \$26.34 | \$115,950,149 | -9% | 15% |
| FL | Southern Bell of Florida | \$23.60 | \$41,944,125 | \$19.56 | \$34,975,494 | -17% | -17% |
| GA | Southern Bell GA | \$26.83 | \$91,957,851 | \$23.24 | \$94,094,746 | -13% | 2% |
| NC | Southern Bell | \$26.84 | \$39,542,997 | \$23.28 | \$51,281,013 | -13% | 30% |
| SC | Southern Bell | \$29.32 | \$50,872,864 | \$25.54 | \$46,970,612 | -13% | -8% |
| | | | <u>\$761,190,319</u> | | <u>\$813,169,129</u> | | 7% |
| SBC | | | | | | | |
| CA | Pacific Bell | \$22.26 | \$170,449,118 | \$18.15 | \$69,649,334 | -18% | -59% |
| AR | Southwestern Bell | \$34.48 | \$73,662,766 | \$28.06 | \$58,777,689 | -19% | -20% |
| KS | Southwestern Bell | \$31.28 | \$92,400,445 | \$25.38 | \$68,482,488 | -19% | -26% |
| MO | Southwestern Bell | \$27.07 | \$80,616,196 | \$23.66 | \$94,937,017 | -13% | 18% |
| OK | Southwestern Bell | \$31.47 | \$102,157,982 | \$27.90 | \$101,695,026 | -11% | 0% |
| TX | Southwestern Bell | \$26.12 | \$229,278,008 | \$21.39 | \$197,592,978 | -18% | -14% |
| NV | Nevada Bell | \$30.49 | \$22,166,182 | \$31.31 | \$27,769,348 | 3% | 25% |
| | | | <u>\$770,730,697</u> | | <u>\$618,903,880</u> | | -20% |
| U S WEST | | | | | | | |
| AZ | Mountain Bell | \$27.49 | \$83,219,820 | \$21.33 | \$47,957,958 | -22% | -42% |
| CO | Mountain Bell | \$27.82 | \$90,300,645 | \$24.31 | \$86,590,319 | -13% | -4% |
| ID | Mountain Bell | \$32.66 | \$39,100,227 | \$27.50 | \$30,382,881 | -16% | -22% |
| MT | Mountain Bell | \$42.30 | \$55,162,197 | \$32.29 | \$35,950,064 | -24% | -35% |
| NM | Mountain Bell | \$31.85 | \$54,298,546 | \$27.40 | \$45,321,159 | -14% | -17% |
| UT | Mountain Bell | \$25.72 | \$21,197,419 | \$22.04 | \$21,119,503 | -14% | 0% |
| WY | Mountain Bell | \$45.87 | \$49,095,417 | \$39.30 | \$37,427,016 | -14% | -24% |
| IA | Northwestern Bell | \$29.31 | \$50,312,935 | \$23.37 | \$40,457,519 | -20% | -20% |
| MN | Northwestern Bell | \$26.23 | \$66,998,309 | \$22.99 | \$84,678,990 | -12% | 26% |
| NE | Northwestern Bell | \$31.18 | \$45,119,829 | \$31.32 | \$55,345,011 | 0% | 23% |
| ND | Northwestern Bell | \$35.78 | \$31,799,697 | \$29.97 | \$24,321,174 | -16% | -24% |
| SD | Northwestern Bell | \$38.97 | \$40,102,180 | \$32.06 | \$26,710,757 | -18% | -33% |
| OR | Pacific Northwest Bell | \$27.35 | \$49,656,175 | \$23.94 | \$48,419,020 | -12% | -2% |
| WA | Pacific Northwest Bell | \$25.32 | \$49,223,560 | \$21.35 | \$44,732,796 | -16% | -9% |
| | | | <u>\$725,586,956</u> | | <u>\$629,414,165</u> | | -13% |

Sprint/United

| | | | | | | | |
|--------|------------------------------|---------|----------------------|---------|----------------------|------|------|
| FL | Centel of Florida | \$29.73 | \$20,241,583 | \$28.02 | \$24,310,233 | -6% | 20% |
| IL | Centel of Illinois | \$24.81 | \$5,643,876 | \$22.90 | \$5,267,841 | -8% | -7% |
| VA | Central Tel Co of Virginia | \$36.63 | \$33,978,066 | \$42.51 | \$45,522,092 | 16% | 34% |
| NC | Centel of NC | \$31.53 | \$13,605,353 | \$35.87 | \$22,747,314 | 14% | 67% |
| NV | Centel of NV | \$21.85 | \$4,105,186 | \$18.56 | \$3,390,350 | -15% | -17% |
| TX | Central Tel Co of Texas | \$32.92 | \$18,718,979 | \$29.09 | \$14,228,613 | -12% | -24% |
| TN | United Telephone - Southeast | \$30.79 | \$9,332,409 | \$28.15 | \$10,322,916 | -9% | 11% |
| VA | United Telephone - Southeast | \$39.19 | \$14,288,851 | \$36.14 | \$14,142,575 | -8% | -1% |
| FL | UTC of Florida | \$27.83 | \$35,407,361 | \$23.50 | \$31,035,279 | -16% | -12% |
| IN | UTC of Indiana | \$38.67 | \$28,671,280 | \$40.36 | \$27,505,925 | 4% | -4% |
| NJ | United Tel NJ, INC | \$27.63 | \$2,321,295 | \$26.53 | \$2,761,794 | -4% | 19% |
| OH | UTC of Ohio | \$33.27 | \$41,213,258 | \$33.92 | \$45,246,668 | 2% | 10% |
| PA | UTC of Pennsylvania | \$33.11 | \$26,266,442 | \$35.72 | \$31,047,225 | 8% | 18% |
| KS | United Tel Co of KS | \$54.85 | \$26,776,362 | \$73.08 | \$29,791,246 | 33% | 11% |
| MN | UTC of Minnesota | \$38.27 | \$17,734,058 | \$38.49 | \$16,501,334 | 1% | -7% |
| MO | UTC of Missouri | \$41.12 | \$36,320,076 | \$43.17 | \$41,129,672 | 5% | 13% |
| TX | UTC of Texas INC | \$48.57 | \$32,960,132 | \$51.41 | \$32,815,192 | 6% | 0% |
| | | | <u>\$367,584,567</u> | | <u>\$397,766,270</u> | | 8% |
| Totals | | | \$3,338,172,809 | | \$3,256,783,566 | | |